GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:2410
ANSWERED ON:13.03.2001
SELLING OF THE UNITS OF SAIL
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Will the Minister of STEEL be pleased to state:

(a) whether the Steel Authority of India Limited (SAIL) has proposed to sell some of its units to clear its debts;

(b) if so, the details thereof alongwith details of the debts;

(c) the reasons for this huge accumulation of debts;

(d) whether the Government propose to ponder over any other measures to clear the debts rather than selling the units of SAIL; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)to(c): SAIL has prepared a business restructuring plan which envisages concentration on its core business and divest the non-core/non-viable assets with the objective to improve profitability, enhance the resource availability and repayment of loan. The details of the non-core/non-viable units to be divested, while protecting jobs of existing employees are as follows:

- Power Plants at BSL, DSP and RSP
- 2 x 60 MW Captive Power Plant-II at RSP and the Central Power Training Instt. at Rourkela.
- 2 x 60 MW Captive Power Plant-II at DSP.
- 122 MW (2 x 55 MW + 12 MW back pressure turbine) Captive Power Plant-I, 3 x 60 MW Captive Power Plant-II and steam generating capacity of 660 MT/hour at BSL.
- Oxygen Plant-2 at Bhilai Steel Plant
- Salem Steel Plant (SSP)
- Alloy Steel Plant (ASP)
- Visvesvaraya Iron and Steel Plant (VISP)
- Fertiliser Plant at Rourkela Steel Plant; and
- Conversion of IISCO into a Joint Venture with SAIL holding minority shareholding.

SAIL had borrowings of Rs.14630 crores as on 31.12.2000.

SAIL had undertaken modernisation and technological upgradation of its Durgapur, Rourkela and Bokaro Steel Plants and on this account an expenditure of about Rs.12500 crores was incurred, which was largely financed by market borrowings.

(d)&(e): Measures taken/being taken to improve the performance and liquidity position of the company inter-alia include:

- Intensive cost control drive which envisaged improvement of yield, reduction in consumption of coking coal and other raw material, reduction in consumption of power & fuel, reduction in consumption of stores & spares, improvement in key techno-economic parameters, etc.
- Implementation of VRS scheme for right sizing the manpower.
- Fresh investment proposals are virtually on hold except ongoing scheme and schemes relating to statutory requirement viz. safety, environment, etc.
- Reduction in borrowing level through strict working capital management.